

Message Text

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ACTION STR-07

INFO OCT-01 EA-10 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /111 W
-----127265 020430Z /21

P 020402Z MAY 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC PRIORITY 5096
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE

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E.O. 11652: N/A
TAGS: ETRD, ASEAN, MTN
SUBJECT: US/MALAYSIAN MTN BILATERALS

REF: STATE 77763

1. SUMMARY. USDEL MET WITH INTERAGENCY MALAYSIAN
DELEGATION FOR POSITIVE AND USEFUL MTN DISCUSSIONS APRIL 24.
GOM INDICATED SPECIFIC PRODUCTS ON US REQUESTS LISTS
WHERE CONTRIBUTIONS ARE POSSIBLE APPROPRIATE TO MALAYSIAN
TRADE, DEVELOPMENT AND FINANCIAL NEEDS. BINDING OF ANY
MALAYSIAN CONCESSIONS NOT POSSIBLE UNLESS NEW SUBSTANTIAL
BENEFITS FORTHCOMING FROM US (PALM OIL, CANNED PINEAPPLES).
US STRESSED NEED FOR IMPROVEMENTS IN MALAYSIAN CONTRIBUTIONS
(TO BE FORMALLY SUBMITTED MID-MAY) AND BINDING OF MALAYSIAN
CONCESSIONS IF US IS TO CONSIDER IMPLEMENTING ITS EXISTING
OFFERS. SPECIFIC NTMS OF INTEREST TO MALAYSIAN AND US,
AND ASPECTS OF THE CODES WERE DISCUSSED. NEXT BILATERAL
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TO BE SCHEDULED MID MAY IN GENEVA. END SUMMARY.

2. US/MALAYSIAN BILATERAL COMMENCED WITH GOM INQUIRY
REGARDING IMPROVEMENTS TO US OFFER ON PRODUCTS OF INTEREST
TO MALAYSIA. US REITERATED BENEFITS OF EXISTING US OFFER
AND NATURE OF US RESPONSE TO GOM AGRICULTURAL REQUESTS
(REFTEL). GOM MADE STRONG REPRESENTATION FOR ZERO DUTY

BINDING ON PALM OIL, DUTY REDUCTION ON CANNED PINEAPPLE, AND RESOLUTION ON PROBLEMS ENCOUNTERED WITH FDA STANDARDS ON CANNED PINEAPPLES. WITH RESPECT TO LATTER, USDEL INDICATED TECHNICAL INFORMATION NEEDED OF GOM AND PROCEDURES FOR PETITIONING OF FDA, OFFERING TO FACILITATE EXCHANGE OF INFORMATION, EVEN THOUGH NOT AN MTN ISSUE. WITH RESPECT OF PALM OIL, USDEL EXPLAINED DECISION TO BIND DUTY STILL PENDING IN USG AND STATED DECISION DEPENDENT LIMITED OFFICIAL USE
UPON, INTER ALIA, USG EVALUATION OF FUTURE SUPPLY/DEMAND SITUATION OF FATS AND OILS, NATURE OF RESPONSES TO US REQUESTS FOR ACCESS, AND EXTEND OF CONTRIBUTION FROM MALAYSIA. IN VIEW OF GOM BLANKET REFUSAL TO BIND CONCESSIONS, THIS REQUEST APPEARED INCONGRUOUS. MALAYSIA DEL THEN PRESENTED REQUEST FOR A ZERO BINDING OF TSUSA 110.10 TUNA, FRESH CHILLED OR FROZEN.

3.

USDEL CLARIFIED OUR REQUEST REGARDING GOM SURCHARGE AND VEGETABLE PROTEIN CONCENTRATES AND ISOLATES. REGARDING MALAYSIA IMPORT SURCHARGE, GOM DEL INDICATED THAT THIS WAS FOR REVENUE PURPOSES AND NOT NEGOTIABLE. USDEL POINTED OUT PROTECTIVE ASPECTS SURCHARGE EXEMPTED FOR SOME RAW MATERIALS AND MACHINERY NOT PRODUCED IN MALAYSIA AND NEED FOR PUBLICATIONS OF EXEMPTIONS GRANTED TO SPECIFIC IMPORTERS FOR INFORMATION OF OTHERS. DISCUSSIONS CONCLUDED THAT GOM WOULD REVIEW PROBLEMS LIMITED OFFICIAL USE

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IDENTIFIED FOR SPECIFIC PRODUCTS WHICH USDEL UNDERTOOK TO SUPPLY.

4. AFTER ABOVE PRELIMINARIES GOM INDICATED THAT IT WAS PREPARED TO MAKE CONTRIBUTIONS TO MTN CONSISTENT WITH ITS TRADE, DEVELOPMENT AND FINANCIAL NEEDS, BUT WAS NOT PREPARED TO BIND ANY CONCESSIONS. GOM EXPLAINED THAT ITS DEVELOPMENT STATUS AND POSSIBLE FUTURE ASEAN CXT PRECLUDED BINDING WITHOUT DEMONSTRATION OF SUBSTANTIAL NEW BENEFITS FROM US. USDEL RECOUNTED CURRENT BALANCE OF US OFFERS AND REQUESTS IN GOM FAVOR (\$244 MILLION AND \$36 MILLION) AND STRESSED US NEED FOR GOM BINDINGS. MALAYSIAN DEL THEN INDICATED SPECIFIC PRODUCTS WHERE GOM CONTRIBUTIONS POSSIBLE, LEAVING THE EXACT NATURE OF THE CONCESSION TO BE SPECIFIED AT A LATTER DATE. THESE UNSPECIFIED CONCESSIONS COVERED BOTH VEGETABLE PROTEIN PRODUCTS (21.07.900 AND 35.04.000), 4 PRODUCTS ON THE REFINED, PRODUCT-SPECIFIC INDICATIVE LIST (37.02.900; 84.11.210; 84.51.500 AND 84.55.100/300), 3 PRODUCTS ON THE TROPICAL PRODUCTS REQUEST LIST, 29.13.300; 84.52.200 AND 84.53.900, AND 5 PRODUCTS ON WHICH THE US MADE NO REQUEST (84.53.100/500). GOM DEL NOTED THAT BASED ON THE PREMISE OF A FULL US

RESPONSE TO MALAYSIAN REQUESTS, GOM CONCESSIONS ON THE US REQUESTS NOT YET RESPONDED TO WOULD BE CONSIDERED AS THE NEGOTIATIONS PROCEED.

5. USDEL INDICATED INITIAL DISAPPOINTMENT CONTRASTING ESPECIALLY THE GAP BETWEEN GOM AGRICULTURAL REQUESTS AND OFFERS AND UNDERTOOK TO REVIEW ALL PRODUCTS ON US REQUEST LISTS LEFT UNRESPONDED TO IN ORDER TO ASCERTAIN THE REASON FOR GOM'S ACTIONS. THIS REVIEW MOST FREQUENTLY ELICITED THE FOLLOWING RESPONSES: (A) NEED TO PROTECT CERTAIN DOMESTIC INDUSTRIES, (B) THE IMPORTANCE OF THE REVENUE PRODUCED BY A GIVEN DUTY, (C) GOM'S POSITION OF NOT BINDING AND (D) GOM NEED FOR GREATER PRODUCT SPECIFICITY.

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COMMENT: USDEL OBTAINED FEELING IN PROBING GOM ON THESE JUSTIFICATIONS THAT SOME ARE LESS FIRM THAN OTHERS AND THEREFORE CONCESSIONS NEGOTIABLE. USDEL STRESSES THE NECESSITY AND VALUE OF HAVING WASHINGTON AGENCIES' PRIORITIES REGARDING INDIVIDUAL REQUEST LIST PRODUCTS FOR NEXT BILATERAL IN GENEVA IN ORDER TO MAXIMIZE GOM CONCESSIONS. IT IS ALSO CLEAR GOM PLACES GREAT VALUE IN BINDING OF PALM OIL AND APPEARS WILLING TO PAY FOR SUCH CONCESSION. MAGNITUDE OF CONTRIBUTIONS STILL TO BE DEBATED WITHIN GOM. IN THE EVENT GOM IMPROVES ITS OFFERS USDEL WILL REQUIRE AN EARLY DECISION ON THEIR

REQUEST. END COMMENT.

6. SESSION CONCLUDED WITH BOTH SIDES IN AGREEMENT THAT BILATERAL HAD BEEN A USEFUL STEP FORWARD. USDEL REITERATED ITS DISAPPOINTMENT AT GOM UNWILLINGNESS TO BIND AND MINIMAL RESPONSE TO US AGRICULTURAL REQUESTS FROM MALAYSIA.

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7. ACTION REQUESTED: IN RESPONSE TO GOM QUESTIONS REQUEST WASHINGTON PROVIDE FOLLOWING INFORMATION ASAP: (A) SPECIFIC US EXPORTS AND NATURE OF PROBLEMS INVOLVED IN GOM IMPORT SURCHARGE, (B) MORE PRECISE ISAC IDENTIFICATION OF PRODUCTS DESIRED IN 37.01.900 PHOTO PLATES N.E.S., 85.22.900 PARTS FOR CERTAIN ELECTRIC GOODS AND APPARATUS, 90.10.900 OTHER PHOTO EQUIPMENT, 92.12.900 OTHER SOUND RECORDING MEDIA, AND 84.15.460 ELECTRIC REFRIGERATORS OVER 12 CU.FT. (MALAYSIAN INDUSTRY PRODUCES REFRIGERATORS WITH CAPACITY UP TO 14 CU.FT. DOES ISAC HAVE INTEREST IN THOSE ABOVE 14 CU.FT.?) (C) REGARDING 37.01.900 PHOTO PLATES N.E.S. AND 37.02.100 UNEXPOSED CINEMATOGRAPH FILM IN ROLLS, REQUEST INFORMATION CONCERNING END USE, I.E. INDUSTRIAL OR CONSUMER AND (D) FOR OUR OWN INFORMATION, AN UPDATE OF TRADE STATISTICS FOR TROPICAL PRODUCTS REQUEST LIST TO INCLUDE 1974 AND 1975 MALAYSIA IMPORT DATA.STULL

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Message Attributes

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